



# Holomua

May 2005



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**Employees' Retirement**  
**System (ERS)**

## New Actuarial Factors

**T**he Fall 2004 issue of HOLOMUA highlighted new actuarial factors that impacted retirement benefits effective December 2004.

During implementation of the new actuarial factors, it was discovered that legislation was required in order to include an automatic post retirement or cost of living adjustment ("COLA") in the new factors. ERS submitted legislation to this effect during the 2005 Legislative session.

H.B. No. 632 was recently passed by the Legislature and is now awaiting the

Governor's approval. The bill provides for inclusion of "COLA" in the new actuarial factors, effective retroactive to December 1, 2004. *Pension benefit payments for members who retired on or after December 1, 2004 through July 1, 2005 will not decrease; they will either remain the same or increase.*

Members can use the ERS online benefit calculator – <http://www2.hawaii.gov/ers> – to determine how inclusion of the cost of living adjustment in the actuarial factors will affect their pension benefits. Updates on the current status of H.B. No. 632 are available on the Hawaii State Legislature's website: <http://www.capitol.hawaii.gov/>.

**T**he name *Holomua* comes from the words *holo*, which relates to motion, and *mua*, which means "in front of" or "ahead." Combined, these two Hawaiian words represent forward movement and progress. The canoe paddlers found in the pages of this newsletter symbolize the teamwork, dedication, and hard work required for excellence and success.

## Hybrid Plan Update

**T**he new Hybrid Contributory plan will go into effect July 1, 2006. The ERS is currently soliciting proposals to retain a consulting firm to conduct a communications campaign designed to help approximately 58,000 eligible members decide whether to join the new Hybrid Plan. Statewide presentations will be conducted from October 2005 through March 2006. Meeting dates and locations will be provided at a later date. Members can also access the ERS website at <http://www2.hawaii.gov/ers> for more detailed information.

Other organizations have been conducting Hybrid Plan presentations. While these informational meetings

may be helpful, the ERS has not reviewed nor is it sanctioning any of the representations or materials presented at these meetings.

ERS tax attorneys have stated that federal tax issues must be resolved and federal legislation may be required before conversion of Noncontributory Plan service is allowed. A private letter ruling from the Internal Revenue Service has been requested to address specific tax issues and the ERS is supporting federal legislation that will facilitate the conversion of Noncontributory Plan service from 1.25% to the 2% benefit formula in the Hybrid Plan. A response from the Internal Revenue Service and action by Congress are still pending.

The ERS remains committed to providing a secure future for all members.

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RETURN SERVICE REQUESTED



## Do We Have Your Current Address?

**T**he 2005 ERS Member Statement containing service credit, beneficiary and account balance information will be mailed in October 2005 to active and inactive vested members of the ERS. We need your current address to ensure delivery of your Statement.

*If you moved but did not inform the ERS of your new address, please submit or fax this information in writing along with your name, Social Security number, and the code "AM" (active member) to:*

Employees' Retirement System  
201 Merchant Street, Suite 1400  
Honolulu, HI 96813-2980  
FAX: (808) 587-5766

Due to the anticipated high volume of address changes, please do not call the ERS to confirm your address. If in doubt, please mail or fax your current mailing address.

### HOW TO CONTACT US

**Monday-Friday**

**7:45 a.m. – 4:30 p.m.**

**Oahu:** 586-1735

**Hawaii:** 974-4077

Toll free 974-4000, ext. 61735

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